



Department of  
Conservation  
*Te Papa Atawhai*

# Procurement Strategy for Roading Activities, 2021/22 - 2023/24



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## Associated Documents

This strategy should be read in conjunction with the following documents:

- *New Zealand Transport Agency Procurement manual for activities funded through the National Land Transport Programme (Update)*<sup>1</sup>  
The Procurement Manual applies the Government Procurement Rules to New Zealand Transport Agency investment. The Manual governs all procurement activities that involve Waka Kotahi funding.
- *Department of Conservation Procurement and Supplier Management Policy*<sup>2</sup>  
This policy applies to all procurement activities that we carry out. As with the New Zealand Transport Agency Procurement Manual, the policy has been developed within the context of the Government Procurement Rules.
- *Department of Conservation Procurement and Supplier Management Standard Operating Procedure*<sup>3</sup>  
This Standard Operating Procedure has been developed within the context of our Procurement and Supplier Management Policy and applies to all our procurement activities excluding 'Procurements (roading works) that are governed by the Waka Kotahi Procurement Strategy and the procedures contained within that strategy...' (Clause 11.1, Page 60)

In practise, this Strategy for roading activities will supplement the Standard Operating Procedure, which in most respects will remain the lead document in prescribing how the policy is applied. However, where there is any conflict between this Strategy and the Standard Operating Procedure, this Strategy will take precedence.

- *Department of Conservation Transport and Roding Activity Management Plan, 2021*<sup>4</sup>  
This document sets out our roading programme for the 2021-24 period. It describes the proposed transition in the management of our roading activities.
- *Department of Conservation Transport and Roding Contracts Register*<sup>5</sup>  
This spreadsheet provides a live record of transport and roading activity contracts that are either in development, in place, or expired.
- *Roding Activity Risk Register*. This risk register encompasses the whole of our roading activity, of which 'procurement' is a part. The register is reviewed and reported monthly to the Asset Management Manager.

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<sup>1</sup> <https://www.nzta.govt.nz/assets/resources/procurement-manual/docs/Procurement-manual-amendment-5.pdf>

<sup>2</sup> docDM-844315


<sup>3</sup> docDM-912450

<sup>4</sup> doc-6471290

<sup>5</sup> doc-6140788




## Strategy adoption (Department of Conservation)

I, the undersigned, approve this Procurement Strategy for Roading Activities for 2021/22 – 2023/24, and have the appropriate delegated authority to do so:


Name of Signatory	Role	Signature	Date
Penny Nelson	Director-General Department of Conservation		13/5/22

## Endorsement

We, the undersigned, endorse this Procurement Strategy:

Name of Signatory	Role	Signature	Date
Mike Slater	Deputy Director-General Operations, Department of Conservation		06/05/2022
Paul Simonsen	Supplier Sourcing Manager, Department of Conservation		28.04.2022
Darryl Lew	Director Operations Planning, Department of Conservation		29/04/2022

## Assurance

Name of Signatory	Role	Signature	Date
Andrew Mercer	Asset Planning Manager		8/4/2022
Comments:			

## Waka Kotahi endorsement

Waka Kotahi has endorsed this strategy subject to the following conditions

1. The Department of Conservation may directly appoint Waka Kotahi to deliver aspects of the Department of Conservation physical works programme on the basis that the appointments comply with the Government Procurement Rules.
2. The Department of Conservation may use a staged delivery model and a price quality supplier selection method to conduct competitive tender processes, whether closed contest or open market, where the level of expenditure and the nature of the scope of work is likely to lead to improved value for money. These must be conducted in accordance with the Procurement manual.
3. While the above (one and two) remain the preferred delivery methods, in some cases the Department of Conservation may approach the adjacent approved organisations roading maintenance contractor and conduct a direct appointment effectively entering into a service level agreement directly with the contractor.

The formal advice of endorsement is attached



## Executive Summary

Our roading programme is set out in our 2021-24 Transport and Roding Activity Management Plan. We anticipate spending up to \$15.90m over the three years, of which up to \$15.60m is expected to attract funding support from Waka Kotahi in line with our 51% funding assistance rate.

This Strategy replaces the 2018 Strategy. As with the 2018 Strategy, the characteristics of our roads have shaped our approach to the procurement of roading services. Our roads are short, dispersed, and, generally, unsealed. Most of our roads are physically unconnected with each other; they are formed as extensions from state highways and local roads. As such, it will be rare for a journey to public conservation land to be confined to just a DOC road.

The physical maintenance of a disconnected series of roads is inherently more expensive than a connected network because of the downtime involved in moving resources from one road to the next. This strategy seeks to maximise the value for money through the engagement of adjacent road controlling authorities or their contractors to maintain our roads. The recognition that we will have to pursue maintenance agreements directly with the road controlling authorities' contractors is a lesson gained from the past three years; there aren't big incentives for most road controlling authorities to enter into maintenance agreements with us. However, direct approaches to the road controlling authority's roading contractors offers them opportunities to better use their resources while achieving the synergies we (and Waka Kotahi) are seeking.

Accordingly, this strategy has the following key elements:

1. We will continue to work with road controlling authorities towards the delivery of physical works activities through service level agreements. (Section 3.1)
2. Where the road controlling authority's preference is not to enter into a service level agreement, we will seek to engage the road controlling authority's roading contractor to deliver physical roading activities. (Section 3.1)
3. We will seek Waka Kotahi and road controlling authority support for a combined approach to the procurement of our respective maintenance activities. (Section 3.1)
4. Professional services will be delivered through internal resourcing ("in-house professional services) and external consultant resources. (Section 3.2). In-house resources will be used to deliver winter maintenance at Aoraki/Mt Cook (3.1). Specific approval is sought from Waka Kotahi for the use of in-house resource for these purposes.
5. Our engagement of external consultants will comply with the procedures set out in our Standard Operating Procedure and the Waka Kotahi procurement manual. (Section 3.2)

This Strategy is operative for the period from its adoption through to 31 December 2024.

# 1. Introduction

## 1.1. Strategy Scope

This strategy sets out our approach to the procurement of transport and roading activities for the period from strategy adoption through to 31 December 2024.

### 1.1.1. Our roading

The Department is a road controlling authority with responsibility for over 1,800kms of roading, of which 1,062 kms is eligible for Waka Kotahi funding support.

Three key characteristics of our roads influence how we will buy our roading services:

- *Our roads are dispersed.*  
As illustrated by Figure 1, our roads are dispersed across the country, often in remote locations. It follows that, with a length of roading that compares comfortably with the rural road controlling authority networks that might support 1-2 contractor depots, the geographic spread of our roads requires contractor access from many more locations. DOC's roading maintenance is therefore unlikely to be sustainable as a stand-alone activity.

The dispersed nature of the network also means that the length of our roading in any one district is small when compared to the length of road managed by the adjacent road controlling authority. Our roads typically account for less than 5% of the length of the local roads in a local authority district, pointing to us having a junior partner role in any collaboration arrangements.

- *Our roads are short and disconnected.*  
Generally, our roads provide the links from local authority roads or state highways to destinations on public conservation land. They do not in themselves provide a strong network of roads and, on average, are only 2.7 kilometres in length. This creates clear challenges for the maintenance of our roads on a stand-alone basis because of the 'down-time' or dead running involved in transporting workers and equipment between the short lengths of road.

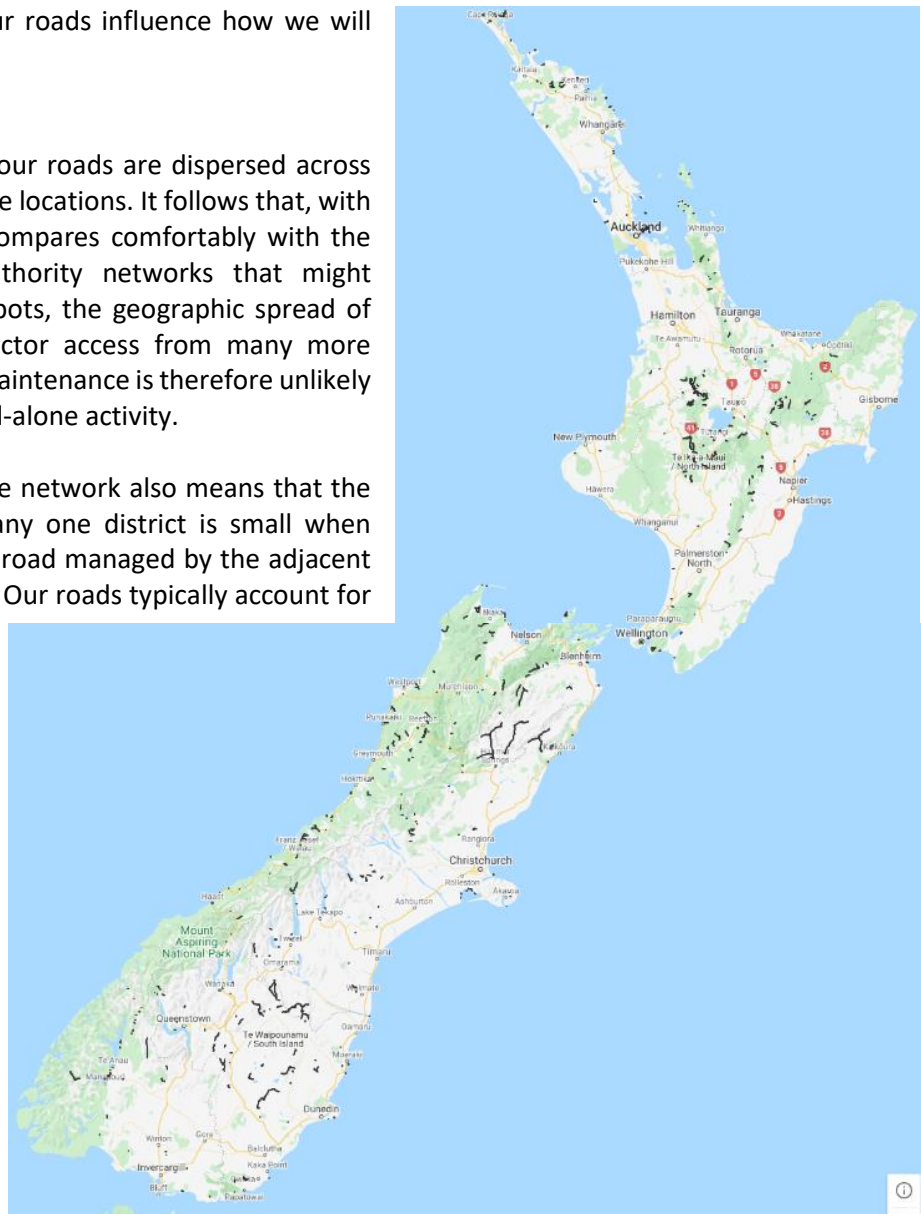


Figure 1: Locations of DOC roads

- *Our roads are generally unsealed and carry low volumes of traffic*  
Over 94% of our public roads are not sealed. 87% of our public roads are classified low volume. The low volume / low value nature of the network means that the potential value of roading contracts is relatively low. A potential exception is with the one-off resilience works on visitor routes.

### 1.1.2. Our programme

Our transport and roading programme for the next three years is set out in the 2021 Transport and Roding Activity Management Plan ([DOC-6471290](#)). Table 1 presents a summary of the programme.<sup>6</sup>

Activities	Description	\$m
a) Activities eligible for NLTF funding		
• Maintenance	Generally routine maintenance and associated supplier contract management	7.39
• Renewals	Renewal of roading assets to design standard/capacity	5.16
• Professional services	DOC asset management and contracts management. Specialist external services (condition rating, database management, traffic management, etc.).	0.94
• New works and improvements	Low-cost low risk activities, principally safety improvements.	2.02
b) Activities ineligible for NLTF funding	DOC roading work (principally maintenance) carried out on our restricted access roads. Predominantly maintenance	0.30
Total programme		15.90

Table 1: DOC Roads Programme 2021/22 - 2023/24

The programme is dominated by maintenance and renewals activities. This reflects our focus on bedding in routine maintenance and like-for-like asset renewals, as opposed to creating new assets. This activity is supported by a small professional services activity comprising

- two employees with national roles,
- internal contract management resource for the larger service level agreements, and
- specialist consultancy services.

## 1.2. Statutory Context

The statutory context for this procurement strategy is provided most directly by the Conservation Act 1987, and the Land Transport Management Act 2003.

### 1.2.1. Conservation Act 1987

The Conservation Act established the Department of Conservation. Under section 6, we are required to administer the Conservation Act. Section 4 of the Act stipulates that the Act shall so be interpreted and administered to give effect to the principles of the Treaty of Waitangi.

### 1.2.2. Land Transport Management Act 2003

The Land Transport Management Act requires that Waka Kotahi “must approve procedures that are designed to obtain the best value for money spent by Waka Kotahi and approved organisations, having regard to the purpose of this Act” (section 25(1)). Section 25 requires that:

- In approving a procedure, Waka Kotahi must consider the desirability of enabling fair competition for the right to supply the roading activities and the desirability of encouraging competitive and efficient markets
- We cannot use our own business units or employees to deliver roading works except those that are minor and ancillary works, as approved by Waka Kotahi.

<sup>6</sup> The AMP will be put forward for adoption in September 2021 once the 2021/22 business planning round is completed and DOC’s funding allocation through the 2021-24 National Land Transport Programme is confirmed. The figures in Table 1 while provisional, provide a good basis for the Strategy.



### 1.3. Investment outcomes sought

This strategy is expected to contribute to the following outcomes sought by the 2021 Activity Management Plan

- Road users can rely on our roads being available for their journeys.
- Road users can complete their journeys over our roads with confidence.
- Road users experience ride quality compatible with the function of the road.
- The likelihood and consequences of road users crashing on our roads are minor.
- Our transport activity is not impacting adversely on natural or historic resources, and system-wide climate change emissions are reducing.

#### 1.3.1. DOC Procurement and Supplier Management Policy

Our Procurement and Supplier Management Policy establishes five principles for our procurement:

- Plan and manage for great results.
- Be fair to all suppliers.
- Get the right supplier.
- Get the best deal for everybody.
- Play by the rules.

The policy seeks application of these principals to achieve best value for money over the life of a product or service supplied.

#### 1.3.2. Broader Outcomes

The Government Procurement Rules list four broader outcomes

- Increasing access for New Zealand businesses
- Construction skills and training
- Improving conditions for New Zealand workers
- Reducing emissions and waste

Our ability to use roading procurement to deliver on the broader outcomes is constrained by

- the approach to engage adjoining road controlling authorities or their contractors to deliver road maintenance on our roads and
- the relatively low individual value of our procurements limits our ability to deliver on the broader outcomes.

However, we recognise we can have impact in respect of

- improving conditions for New Zealand workers through stipulation of the Department's health and safety responsibilities as a PCBU. These permeate our procurement processes from procurement planning (identifying hazards, supplier capabilities, and safety planning requirements), through to contract management.

With respect to evaluation of tenders, the Department's rules require

- health and safety to have a minimum weighting of 15%, and
- a minimum score against health and safety of 5/10.

Our road maintenance suppliers are required to have safety plans and comply with approved temporary traffic management plans.

- reducing emission and waste. Our Procurement and Supplier Management Policy reiterates sustainability principles:
  - Avoiding unnecessary consumption and waste, and managing demand for goods services and works.

- Sourcing goods, services and works on the total value of the procurement, considering the environmental, social, and economic impact of goods, services and works throughout their life cycle.
- Supporting innovation in sustainability.
- Encouraging, and requiring (where appropriate), suppliers to adopt socially and environmentally responsible business practices.

Our service level agreements generally contain the following sustainability clauses:

### ***Supplies and equipment***

#### ***The Contractor must use its best endeavours to:***

- a. *use 'recyclable' products or certified eco-friendly products or other products that have a minimal impact on the environment;*
- b. *use energy efficiently;*
- c. *seek ways of reducing fuel/energy consumption;*
- d. *minimise packaging, or if packaging is used, it is biodegradable and recyclable.*

### ***Biosecurity***

*The Contractor must take all precautions not to transfer unwanted organisms (in particular soil borne organisms such as fungi and weed seeds, invertebrates as listed under the Biosecurity Act 1993 in the carrying out of the Services, by complying with the following:*

- a. *All vehicles must be free from all unwanted organisms, with special attention given to wheeled or tracked machinery, vehicles and ATVs;*
- b. *All items loaded on to vehicles must be free from unwanted organisms, with landscaping, track construction and revegetation supplies obtained from a 'clean' source;*
- c. *Methods and protocols for preventing unwanted organisms from entering or attaching themselves to the vehicles must be in place;*
- d. *The Contractor must ensure that all personal gear, boots and clothing worn on site by contract staff have been checked and are free of all dirt, debris and unwanted organisms, with checks undertaken at the beginning and end of each work session at a given site;*
- e. *Check, clean and dry equipment between waterways. Fish, plants, rocks and other waterway components must not be moved from one waterway to another;*

*Those knowingly spreading an unwanted organism are liable under the Biosecurity Act 1993.*

### 1.3.3. Waka Kotahi's procurement manual

The manual refers to the Local Government Act 2002, which most road controlling authorities – but not the Department – must comply with. The following principles from that Act provide best practice principles, some of which might be taken up by the procurement strategy:

- Conduct its business in an open, transparent, and democratically accountable manner.
- Give effect to its identified priorities and desired outcomes in an efficient and effective manner.
- Actively seek to collaborate and co-operate with others.
- Undertake commercial transactions in accordance with sound business practice.
- Resolve any conflicts in an open, transparent, and democratically accountable manner.
- Comply with the requirements of part 6 of the LGA in respect of decision making and consultation.
- Approved organisations must ensure all decisions are robust and defensible, and ethical and legal considerations are always considered.

## 2. Current Situation

### 2.1. Accountabilities

Internal accountability for the management of our roads resides within our district offices. On average, a DOC district will be accountable for about 45kms of roads.

The district offices are supported in the management of our roads by the Operations Planning Directorate. In respect of roading, the Directorate has a national role that encompasses:

- Management of our roading database (RAMM).
- Provision of technical advice on road maintenance.
- Management of roading asset renewals programme.
- Management of collection, analysis and reporting of road asset condition and maintenance activity information.
- Assistance in the procurement of roading asset maintenance services.
- Management of Waka Kotahi claims

### 2.2. DOC procurement capabilities

A smart buyer self-assessment relating to our roading activities was undertaken in September 2020 for the 2021 Activity Management Plan. This assessment placed the competency within the roading activity as “limited”. Clear strengths in 2020 were in the training of staff, keeping up with best practise in procurement and exploring collaboration with adjacent road controlling authorities and contractors. The weaknesses are in communications with suppliers and being open to alternative solutions to those proposed in contract documents.

Over the coming three years there will be opportunities to improve although we are likely to stay within the ‘limited’ category. We would expect improvements to be facilitated by the increased communication between ourselves and our suppliers through the service level agreements. We will also continue the programme initiated in 2019 to collect asset data and, with time, this will start to provide trend data currently missing. Improved capability to analyse and use the data has been achieved through the employment in 2021 of a roading engineer in the Operations Planning Directorate.

### 2.3. Procurement

The 2018 Procurement Strategy proposed the engagement of adjacent road controlling authorities to maintain our roads through service level agreements. Figure 2 illustrates our progress in securing service level agreements for our public roads. It shows the proportion of our public roads covered by maintenance agreements. The balance is made up of agreements that are in the internal assurance and approval phase (4% of public roads by length), agreements in development (24%), areas where initial contact has been made (5%) and areas that have been put on hold (11%).

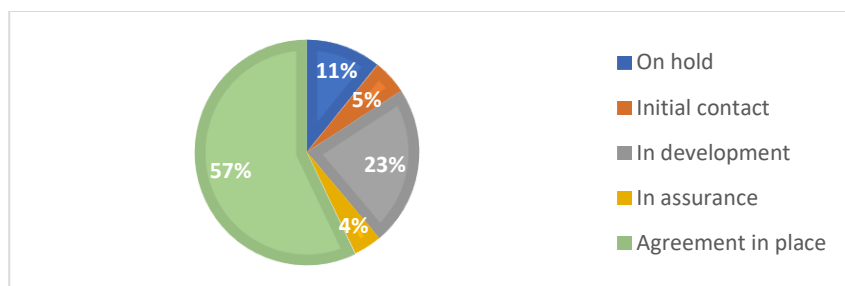


Figure 2: DOC public roads maintained through service level agreements, as at 30 June 2021

Overall, the implementation of the service level agreement approach has not happened as quickly as anticipated. Contributing factors included:

- the difficulty in securing internal funding commitment to maintenance agreements that cover multiple future years.
- some road controlling authorities we approached have, after lengthy consideration of our proposals, referred us to their contractors. Of the 20 maintenance agreements in place on 30 June 2021, 13 are with the road controlling authority's contractor.

The impact of the delays in securing service level agreements has been that our roading maintenance programme has been significantly underdelivered.

### 3. The procurement approach for 2021-24

Our procurement approach will employ a range of methods appropriate to the services being sought. These are summarised in Figure 3 and reflect the evolution from the focus of the 2018 strategy on the delivery of road maintenance through service level agreements. The key difference from the 2018 Strategy is the acknowledgement that, increasingly, we expect to engage road controlling authority's contractors directly to deliver physical works for our roads.

#### 3.1. Physical works services

"Physical works" refers to routine maintenance, renewal, and new works

The approach of this Strategy, as with the 2018 Strategy, is to seek the integration of routine maintenance of our roads into the maintenance regimes of adjacent road controlling authorities if it can be expected to lead to value for money outcomes for our dispersed and disconnected roading. Accordingly, we will continue to work with road controlling authorities towards the maintenance of our roads through service level agreements (method 1 in Figure 3). Engagement of the road controlling authority would occur through direct appointment, on the basis that the road controlling authority's maintenance services have been obtained through a competitive process that complies with Waka Kotahi's procurement manual and whole of government rules.

Where the road controlling authority's preference is not to enter into a service level agreement, we will seek to engage the road controlling authority's roading contractor (method 2 in Figure 3), leading to the road controlling authority and the Department having separate maintenance contracts with the same supplier for the same term.

Engagement of the road controlling authority's contractor will frequently occur through direct appointment if permitted by our and Waka Kotahi's procurement rules. This will generally relate to low value agreements (the total length of our roading in some local government districts is very small). Where the whole of life value of the contract is likely to exceed \$100,000, direct appointment of a physical works contractor can only occur if the following are in place

- An exemption to tender approved by our Supplier Sourcing Manager and the person holding the delegated financial authority, and
- Waka Kotahi approval

The exemption to tender must comply with Rule 14 of the Government Procurement Rules.

The Government Procurement Rules also permit crown agencies to direct appoint each other through use of Rule 12 Opt-out procurements.

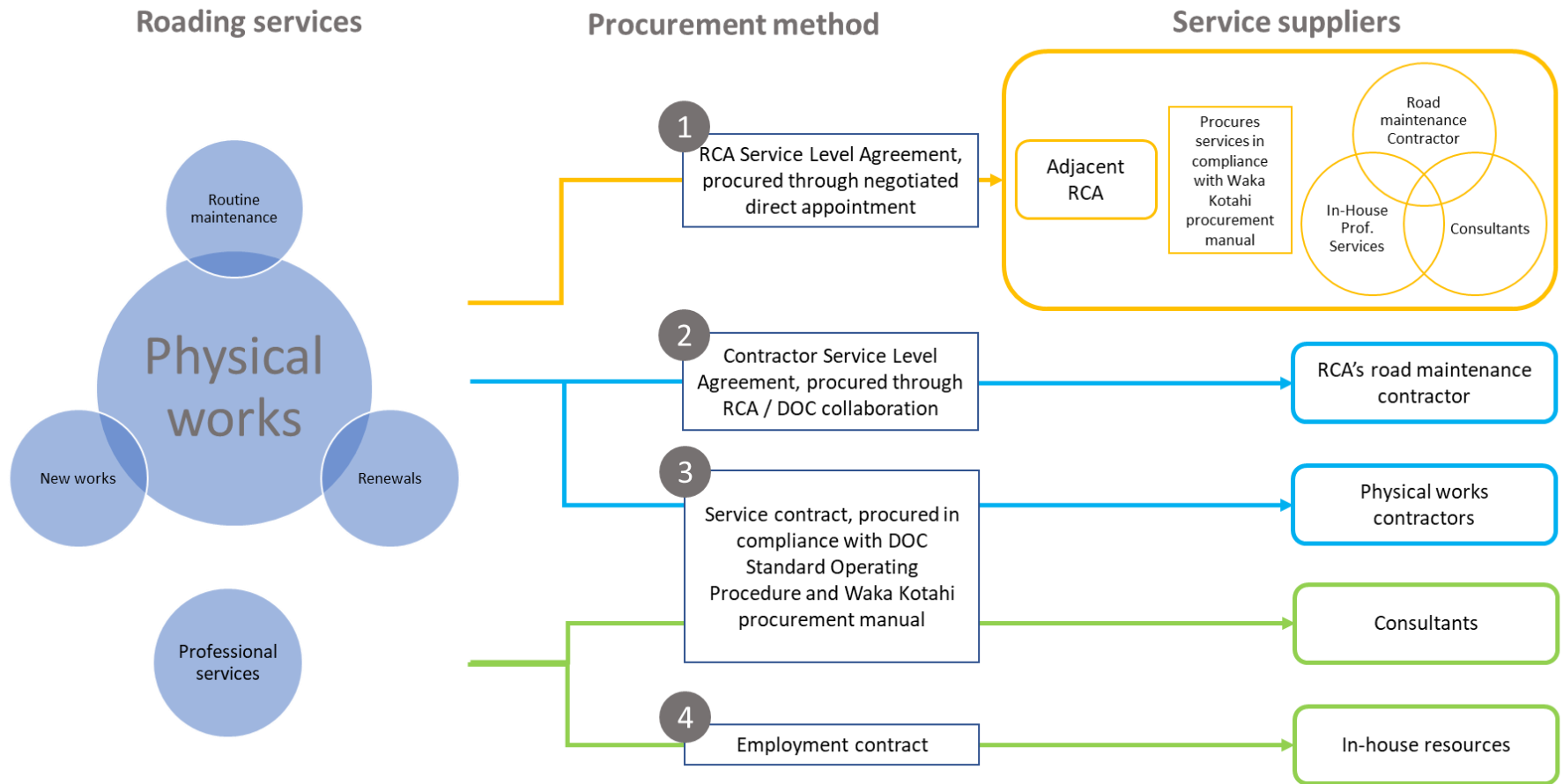


Figure 3: Procurement Approach



To clarify and streamline the direct appointment procedures (without reducing the need to justify the direct appointment), it is recommended that in respect of our procurement of physical works the Waka Kotahi Procurement Manual be varied to permit:

- the direct appointment of Waka Kotahi to deliver physical works if this complies with the Government Procurement Rules.
- the direct appointment of physical works suppliers to deliver physical works provided the whole of life value of the procurement is less than \$250,000 plus GST.

The first bullet point ensures the Procurement Manual accurately reflects the Government Procurement Rules. The second bullet point removes the need for both DOC and Waka Kotahi exemptions to tender for procurements with whole of life value between \$100,000 and \$250,000. Under the proposal such procurements would still need DOC approval, but not Waka Kotahi approval.

With respect to renewals and new works, procurement of these services through established service level agreements will be an option. The procurement plans for these capital works will establish the suitability of the service level agreement affected and will also consider other options (method 3 in Figure 3) as permitted by our Standard Operating Procedure.

#### Use of In-house resource to undertake physical works

With one exception, we do not seek Waka Kotahi funding assistance for work that we undertake on our roads using in-house resource. Where rangers do undertake work, this is for the most part on roads that are ineligible for Waka Kotahi funding support; typically, public access to these roads is restricted. The one significant exception is winter maintenance at our Aoraki/Mt Cook district where in-house resources (staff time and equipment) undertake snow / ice clearing activity. This approach is sound given the remote location of Aoraki / Mt Cook, the low value of the activity (typically less than \$10,000 per year) and the need for immediate response if snow clearance is required.

#### 3.1.1. Likely response to the proposed approach

As reported earlier, our experience of pursuing service level agreements has received a mixed response from road controlling authorities. Agreements have been resisted because of the limited internal resources to manage work on our roads and because of the potential to distract Council resources from core business of managing their roads.

However, the contractor response has usually been positive with the acknowledgement that better utilisation of contractor resources may result.

This Strategy seeks development of procurement processes that enable us to engage the same contractor as is maintaining the adjacent road controlling authority's roads. This does rely on road controlling authority willingness to undertake a collaborative procurement process.

Within this broad strategic direction, not all roads will be maintained by the adjacent road controlling authorities or their contractors. Instead, a series of filters will mean some roads will be maintained by other means. This is illustrated by Figure 4. This shows four key filters, which are explained in sections 3.1.2 to 3.1.4.

#### 3.1.2. Treaty of Waitangi Settlements and conservation management plans

Some Treaty settlements (including those under development), obligations and conservation management plans may be relevant to decision making about engaging road controlling authorities to undertake maintenance on our roads.

The extent of consultation will be determined by the District Operations Manager.

### 3.1.3. Internal Review

There will be a series of reasons for excluding roads from maintenance regimes provided by other road controlling authorities. These will centre on the following four criteria:

- Legal agreements covering maintenance may already be in place for some roads.
- Where the road maintenance requirements do not have a good fit with Council supplier capabilities.
- Where, for biodiversity reasons, uncontrolled contract access to a road is not supported. This, logically, will only apply to a small number of roads, where access is already controlled.
- Where the road is in such a state of disrepair that routine maintenance would not be appropriate.
- Where good reason is given by the Procurement and Supplier Management Policy.

This review will be undertaken with our district office staff.

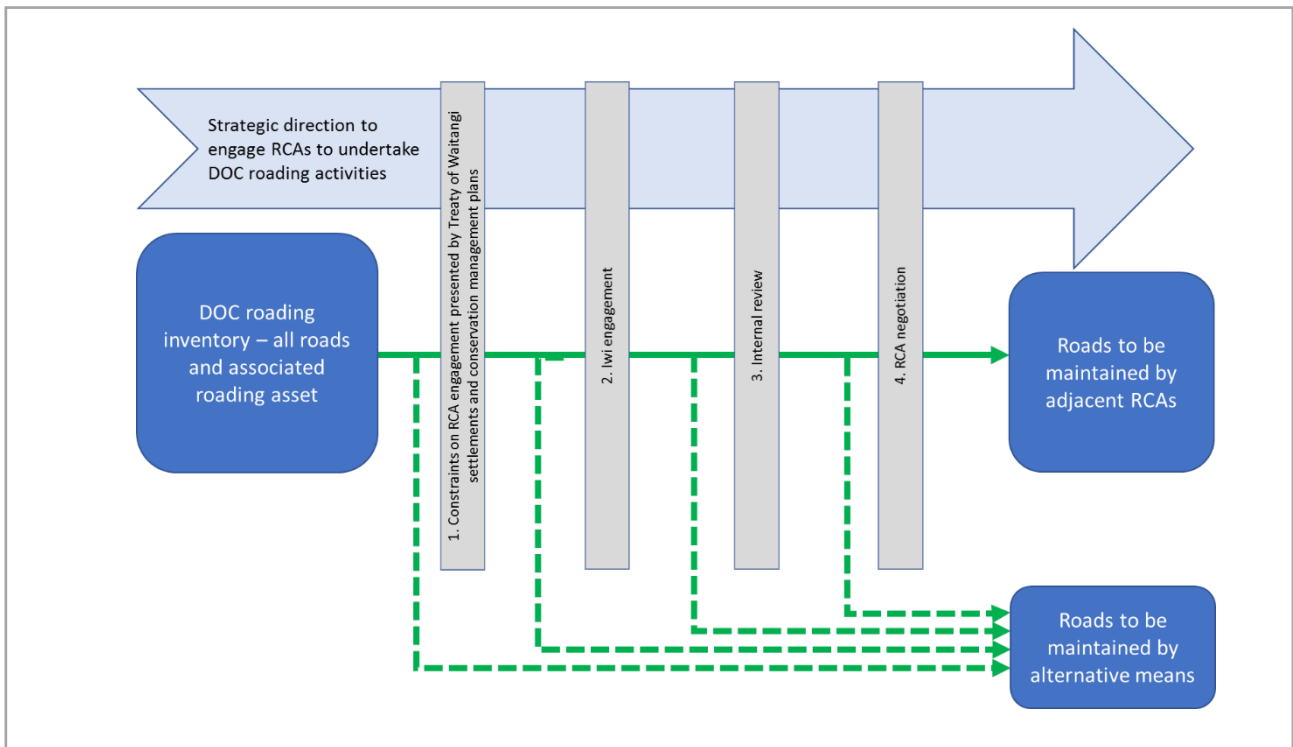


Figure 4: Decision process for establishing procurement process for physical works

### 3.1.4. Road controlling authority / contractor negotiations

The likely extent of the roads that will not be maintained by adjacent road controlling authorities or their contractors is unknown. As a principle, we will seek to maintain these through road maintenance contracts, with procurement complying with the procedures set out in our Standard Operating Procedure and the Waka Kotahi Procurement Manual. (Method 3 in Figure 3).

## 3.2. Professional services

Professional services will be delivered through internal resourcing ('in-house professional services) and external consultant resources. As such, professional services will generally not be delivered through service level agreements.

With respect to internal resourcing, we employ two permanent FTEs within our Operations Planning Directorate (method 4 in Figure 3). These staff are accountable for

- Project and programme specification
- Contract management, including management of transport and roading funding
- Data management
- Asset management oversight, support, and advice on roading assets

In addition to the two Operations Planning FTEs, contract management functions for the larger service level agreements (currently West Coast and Marlborough) are provided by District Office staff as a small part of their overall responsibilities.

Following Waka Kotahi’s endorsement of this Strategy specific approval will be sought from Waka Kotahi for the use of in-house professional services.

We have also programmed engagement of external professional service resource for the delivery of its transport and roading functions. Examples include:

- Temporary traffic management advice (\$25,000 per annum).
- Bridge inspections (\$38,000 per annum).
- Pavement and drainage inspections (\$60,000 per annum).
- Roothing database management / licencing (\$57,000 per annum).
- Road user surveys (\$3,500 per annum).

The way we engage consultants will comply with the procedures set out in our Standard Operating Procedure and the Waka Kotahi procurement manual (method 3 in Figure 3).

## 4. Strategy delivery

### 4.1. Accountabilities

The Asset Management Manager, Asset Management Unit is accountable for the implementation of the Procurement Strategy.

### 4.2. Achievement of strategy milestones

The management of the transition envisaged by this strategy will be driven by milestones and priorities overseen by the Roothing Project. The implementation of the strategy is proposed to follow the timeline set out below, commencing with Waka Kotahi’s adoption of the strategy by the end of August 2018.

Date	Action to be completed	Explanation
30 Sept-21	Internal adoption of Procurement Strategy	The strategy requires adoption by the Department before it can be sent to Waka Kotahi for endorsement.
31-Dec-21	Waka Kotahi endorsement of 2021-24 procurement strategy for roading	The Strategy will be submitted to Waka Kotahi in early August.
30-June-22	80% of our public roads maintained through service level agreements or roading contracts	We will progressively expand our procurement approach to all our public roads.
30-Jun-23	100% of our public roads maintained through service level agreements or roading contracts	
30-Jun-24	DOC adoption 2024-27 Procurement Strategy	-

### 4.3. Monitoring

The monitoring of our activity against the milestones is achieved through the monthly roading activity reports that are prepared by the roading activity for the Asset Management Manager and the Director Operations Planning. These make use of the following 'live' documents:

- The roading activity work annual plan (doc-6613424). This record roading activity progress against quarterly and annual outcomes. One of the four KPI's for roading activity in 2021/22 is:  
Agreements and roading maintenance contracts are in place for maintenance 80% of DOC roads... subject to RCA cooperation.
- The transport and roading activity contracts log (doc-6140788)

### 4.4. Risk management

The following table sets out the key risks associated with the procurement strategy and the ways that they will be managed.

These risks are included, with more detail, within our roading activity risk register. The risk register is a 'live' document – risks are reported to the Asset Management Manager through monthly reports.

Short Risk Name	Source or cause of uncertainty	Implications	Rating	Treatment options
Iwi engagement / Treaty of Waitangi principles not addressed appropriately by the Procurement Strategy	Treaty settlements (existing or being negotiated) and our obligations may impact on procurement decisions for roading.	The Department, under the Conservation Act 1987 must give effect to the principles of the Treaty of Waitangi.	Medium	Address the framework for iwi participation in procurement decisions within the Strategy.
Optimal value for money is not achieved	Adjacent road controlling authorities (and/or their contractors) resist approaches to collaborate over planning and/or delivery of roading functions	This would impact the delivery of roading activities on our roads.	Medium	It is acknowledged that some road controlling authorities will resist taking on more functions, but contractors are likely to be more amenable to taking on more business.  Engage with Waka Kotahi to develop approach to engagement of RCAs' contractors.

## Attachment: Waka Kotahi Endorsement of this Strategy



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1 March 2022

Denis Mander  
Asset Specialist Rooding  
Department of Conservation  
18 Manners St  
PO Box 10 420  
Wellington 6143

Dear Denis

### Transport Activity Procurement Strategy for Rooding Activities Endorsement

Thank you for your request seeking endorsement from the Waka Kotahi NZ Transport Agency (Waka Kotahi) for the Procurement Strategy for Rooding Activities.

I am pleased to confirm that Waka Kotahi has reviewed the Department of Conservation Procurement Strategy, the requirements of which are outlined in the Waka Kotahi Procurement Manual.

We are satisfied that it meets the requirements of the Waka Kotahi Procurement Manual and formally endorse the Procurement Strategy effective 25 February 2022.

We would like to draw your attention to the following matters:

1. Waka Kotahi approves the continued use of in-house professional services by the Department of Conservation, in accordance with s.26 of the Land Transport Management Act, with much the same scope and scale as it has in the past.
2. The Procurement strategy endorsement, includes approval to vary the dollar value threshold for the direct appointment of physical works from \$100k, as stipulated in the Procurement manual, section 10.9 *Direct appointment and closed contest for low dollar value contracts*, for Department of Conservation to use their own discretion to use the direct appointment supplier selection method up to a dollar value threshold of to \$250k as outlined in the Procurement Strategy for Rooding Activities.

The Procurement Strategy is therefore formally subject to the following conditions:

1. The Department of Conservation may directly appoint Waka Kotahi to deliver aspects of the Department of Conservation physical works programme on the basis that the appointments comply with the Government Procurement Rules.
2. The Department of Conservation may use a staged delivery model and a price quality supplier selection method to conduct competitive tender processes, whether closed contest or open market, where the level of expenditure and the nature of the scope of work is likely



to lead to improved value for money. These must be conducted in accordance with the Procurement manual.

3. While the above (one and two) remain the preferred delivery methods, in some cases the Department of Conservation may approach the adjacent approved organisations roading maintenance contractor and conduct a direct appointment effectively entering into a service level agreement directly with the contractor.

The Waka Kotahi Procurement Manual requires approved organisations to review their Procurement Strategy at a minimum once every three years and ensure that they always remain fit for purpose. The Procurement Strategy's endorsement will expire on the 25 February 2025 and you are encouraged to seek endorsement of a new or revised Procurement Strategy in advance of this date.

If you would like to discuss this matter further, please do not hesitate to contact me directly on M 021 633 986, or [philip.walker@nzta.govt.nz](mailto:philip.walker@nzta.govt.nz)

Yours sincerely



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